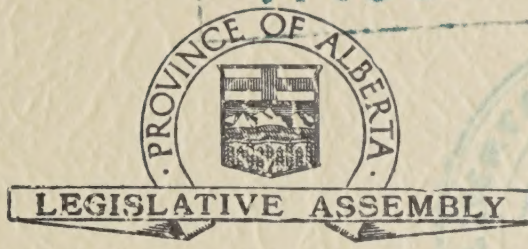


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Budget Speech

OF

THE HON. E. W. HINMAN

TREASURER OF THE PROVINCE OF ALBERTA

DELIVERED AT THE SECOND SESSION
OF THE

Fourteenth Legislature

OF THE PROVINCE OF ALBERTA

1961

IN THE

Legislative Assembly of Alberta

ON MOVING THE HOUSE INTO COMMITTEE OF SUPPLY

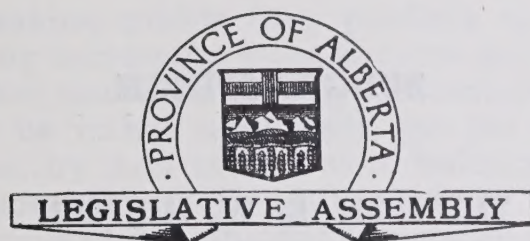
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BUDGET SPEECH**THE HON. E. W. HINMAN**

Mr. Speaker:

In keeping with tradition I have the honor, as Provincial Treasurer, to move that you do now leave the chair and that this Assembly resolve itself into a Committee of Supply for consideration of sums to be granted to Her Majesty.

Each year, when this motion is before the House I am deeply conscious of our debt to those men of conviction and inspiration in whose minds, over the centuries, evolved the ideas upon which our British Democratic System of Government has been developed, modified and refined. I cannot help wondering if we are guided always in our deliberations by those basic concepts which motivated the statesmen of whom I speak. I wonder whether we are as firmly convinced as they have been, that might is no proof of right, that the innate goodness of men of great power cannot be trusted to guarantee justice to their subjects; that human progress in every sphere is most gratifying when the individual, conforming with law, is yet free to direct his energies and abilities as he sees fit and to reap the benefits of his successful efforts; that the price of this right of self direction is the acceptance of the responsibility to be self sufficient as far as possible and to contribute generously to the safety and sufficiency of one's community.

I wonder if we who sit here today are as aware as our long departed counterparts must have been that both initiative and sense of responsibility can be stifled as well by over regulating and over serving as by under regulating and under serving. Are we as resolved as tradition would dictate that Government shall limit its activities to those purposes which can be best if not only achieved by working in association, by pooling our brain power, our moral powers, our man power and our resources to provide for all of us those benefits which few if any might have through personal effort alone?

Are we so convinced that those services which we propose to provide are practical and desirable, and will be so economically administered that we feel no reluctance in imposing levies to discharge their costs?

History is replete with evidence that taxes have never been popular and that tax evasion has been a studied art from earliest times. Because the payment of taxes has long been associated with the right to vote taxing policies have had high priority in political planning. It is thus that those most conveniently taxed have often been inequitably taxed. It is thus that indirect and hidden taxes have been more expedient than direct ones and that exploitation of publicly

owned resources, seeking profits from publicly operated enterprises, and deferring costs by borrowing have become popular. Yet I am bold enough to suggest that under democracy the maturity of a government and its people may be rather accurately gauged by their resistance to these expediciencies, by their readiness to balance their expectations of government service with their willingness to be taxed; by their rejection of the principle of government ownership of industry; by their wise husbanding of publicly owned resources, by their reluctance to create public debt, by their thrift in establishing reserves for times of economic hardship and by their willingness to sacrifice some luxury that there shall be no squalid poverty.

I suggest Mr. Speaker that the advanced maturity of the government and people of Alberta today, the high level of social justice which prevails, the enviable cultural status which has been achieved and the recognized political integrity which obtains all stand confirmed by the details of the budget I am presenting to you tonight.

In anticipating revenues for the next fiscal year the government has made a critical study of economic trends at home and abroad. I think we are all aware that the rate of the recovery from the depression of 1958 has been disappointing yet there have been no alarming signs of a crumbling economy and we can find no reason for pessimism in the failure of our economy to maintain a steep upward trend.

The effect has been to bring some new sobriety to the policies of management in both government and business. Unproductive practices and expenditures are being modified or eliminated. Cost saving procedures are getting new emphasis and plans for expansions in productive capacity are more conservative. Sales services and pricing are more competitive and there is a noticeable thrift consciousness.

We regret that property sales have been slower while mortgage discount offerings have been more abundant than usual. We are concerned that while the number of persons employed has increased the increase has not kept pace with the growing number of persons seeking employment.

A weak spot in provincial revenue has developed in bid prices for oil and gas leases and reservations. The sharp decline in this very major source of income has forced the government to anticipate a deficit rather than a nominal surplus for the fiscal year which ends March 31st next and a small but significant drop in the total revenue to be anticipated next year.

On the bright side we note the steady rise in population, the better than expected production in agriculture and forest industries, some improvement in oil sales, a multi-million dollar program in gas lines, sulphur plants and development related to gas export contracts. We are encouraged by more optimistic economic trends in United States which we may hope will be reflected here.

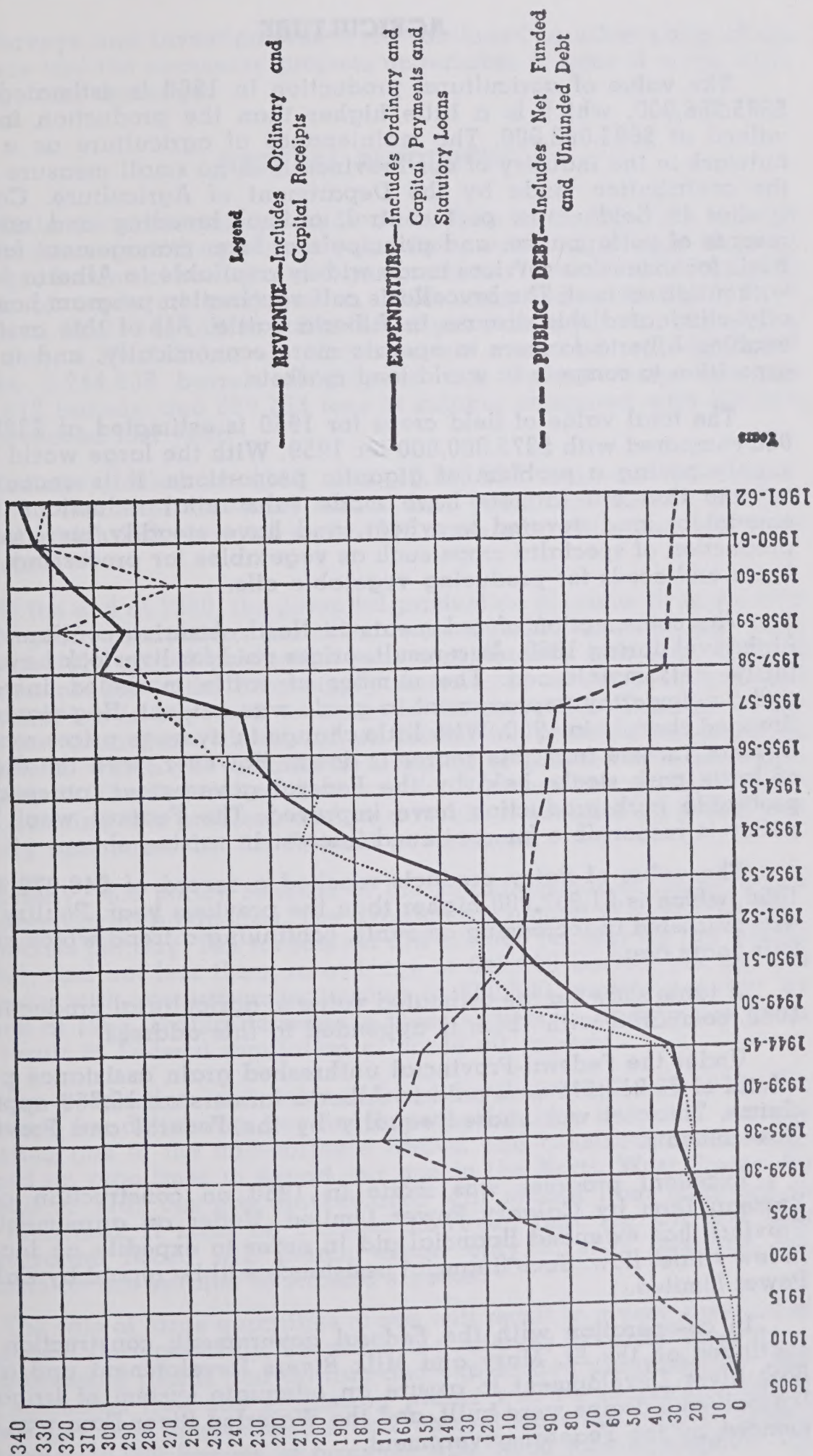
On the expenditure side of the budget there is little opportunity for large reductions in appropriations. The government has no desire to do less in maintaining the policies approved in the past by this legislature for education, for health and welfare, for agriculture or for any other department of government. You will not find any drastic

cut backs even in our capital estimates. The government believes that an adjustment program can be implemented over the next few years which will maintain a reasonable parallel between our revenues and our expenditures. In the meantime it is proposed to draw somewhat on our reserves in keeping with the purpose for which they were created. The budget I present for your approval will anticipate a total revenue of \$323,405,795 and will provide for total expenditures of \$336,697,970, thus forecasting a deficit of \$13,292,175 for the 1961-62 fiscal year.

You have before you copies of this budget speech in which you will find graphs and tables provided to assist you in evaluating the figures and facts which I shall now present for your consideration as I deal with the various departments of government.

PROVINCE OF ALBERTA REVENUE, EXPENDITURE AND PUBLIC DEBT

Millions
of Dollars



AGRICULTURE

The value of agricultural production in 1960 is estimated to be \$685,268,000, which is a little higher than the production in 1959, valued at \$682,062,000. The maintenance of agriculture as a major bulwark in the industry of our Province is in no small measure due to the contribution made by the Department of Agriculture. Constant studies in field crops, pest control, animal breeding and nutrition, records of performance, and principals of farm management form the basis for extension services made widely available to Alberta farmers without direct cost. The brucellosis calf vaccination program has virtually eliminated this disease in Alberta cattle. All of this assistance enables Alberta farmers to operate more economically, and to be in a position to compete in world food markets.

The total value of field crops for 1960 is estimated at \$382,000,000 compared with \$375,000,000 for 1959. With the large world wheat supply posing a problem of gigantic proportions, it is encouraging to note that our farmers have made substantial reductions in the amount of land devoted to wheat, and have steadily increased the production of specialty crops such as vegetables for processing, sugar beets and seeds for producing vegetable oils.

The consumption of red meats in North America continued at a high level during 1960. As a result, prices paid for livestock have been fairly well maintained. The number of cattle marketed increased, and a noteworthy improvement in grade was evident. Hog marketings dropped sharply in 1960. With little change in average prices received, farmers' income from this source is down. However, with the disposal of large pork stocks held by the Federal government, prospects for profitable pork production have improved. The Federal wool bonus policy is responsible for continued interest in raising sheep.

The value of dairy products reached a record of \$48,979,000 in 1960, which is \$1,937,000 higher than the previous year. Poultry meat was marketed in increasing amounts, continuing a trend which started four years ago.

A table showing the estimated value of agricultural production for 1960, compared with 1959, is appended to this address.

Under the Federal-Provincial unthreshed grain assistance policy, a total of \$5,213,519 was paid to Alberta farmers on 16,769 approved claims. The cost was shared equally by the Federal and Provincial Governments.

Excellent progress was made in 1960 on construction of the Brazeau Dam by Calgary Power Limited. Under an agreement, the Province has extended financial aid in order to expedite an increase in low winter flow. Such financial assistance will be repaid by Calgary Power Limited.

In co-operation with the Federal government, construction was continued on the St. Mary and Milk Rivers Development and at the Bow River Development to assure an adequate system of irrigation. Laterals and drains were built, and the Waterton River Dam was commenced by the Federal government.

Surveys and investigations were continued in other parts of the Province and the necessary projects undertaken to control water flow, seepage and drainage.

NATURAL RESOURCES

While the production of crude oil in Alberta during 1960 showed little increase over the previous year, there was a significant increase in the production of both gas and gas products. There were 130,621,972 barrels of crude oil produced in 1960 compared with 128,878,557 barrels in 1959; 443 billion cubic feet of gas compared with 352 billion cubic feet; 4,304,748 barrels of condensate compared with 2,835,217 barrels; 3,244,638 barrels of propane and butane compared with 2,810,612 barrels; and 389,733 tons of sulphur compared with 238,644 tons produced last year.

Footage drilled in 1960 was 10,149,097 feet, an increase of 1,339,553 feet over the total drilled last year. Completions totalled 1766 of which 985 were oil wells, 276 were gas wells and 505 were dry holes.

At the end of 1960, the potential production of crude oil in Alberta under good production practices, was 894,000 barrels per day. Unfortunately actual production was considerably less than 50% of this amount, due to the over-supply situation in oil market areas, and this condition is expected to continue for sometime. Canada is one of the few countries with enough oil production potential to supply its own needs, which yet remains an importer of considerable quantities of crude oil. The Federal cabinet and the National Energy Board have been studying this problem, and as a result, a national oil policy was recently announced by the Federal government.

Briefly, this policy consists of the establishment of target levels for Canadian oil production. The average production in 1960 was 550,000 barrels per day. The targets set are 625,000 per day by the middle of 1961, and not less than an average of 640,000 barrels per day for the year, with production increasing to 800,000 barrels per day by the end of 1963. Failure to achieve these targets on a voluntary basis will result in Federal regulation of crude oil imports.

Gas production and sales increased substantially in 1960. Not only are we delivering gas to Eastern Canada, but also we are exporting gas to the mid-northern States, and construction has commenced on pipe lines to export our gas to the North West States. By the end of 1961 our gas market area will extend from Montreal to San Francisco. It must be stressed however, that the Oil and Gas Conservation Board will permit export only of such gas and gas products as are surplus to Alberta's needs.

The sale of large quantities of gas will result in a very substantial investment throughout the Province in gathering systems, trunk lines, gas processing plants and drilling and exploration programs. By 1963 it is estimated that gas processing plants will be recovering 60,000 barrels per day of condensate and natural gasoline, 11,000 barrels of butane, 10,000 barrels of propane, and 5,000 tons of sulphur. The

availability of these by-products in such quantities presents an opportunity for industrial expansion in the Province, as well as the problem of transporting and marketing the portion of these by-products which is surplus to our requirements.

During 1960, the Oil and Gas Conservation Board approved one large and two small experimental projects designed to test different methods of extracting oil from the Athabasca Oil sands. It is anticipated that considerable time will be required for the experimental operations to realize commercial production.

Benefits are now accruing from our program of protecting and conserving our forests and wild life. The total value of forest products increased somewhat over 1959; commercial fish production attained a record level of 15,183,000 pounds marketed and sales of angling and hunting licenses reached an all-time high. Development of our 36 Provincial parks continued, to enhance the natural beauty of our parkland, and to provide recreation for our own people and our visitors.

INDUSTRIAL DEVELOPMENT

From a national viewpoint, 1960 presented vexing problems, chiefly in the decline in business activity, and in an increasing number of unemployed persons. Alberta did not enjoy a boom year; nevertheless we can take satisfaction in the results shown by an economic survey. While industry could not fully absorb the increase in the labour force, average employment was higher than in any previous year. Farmers' cash income remained steady; the value of mineral production increased; the total value of manufacturers' shipments rose to record heights; retail and wholesale sales held to last year's figures; generation of electricity increased substantially, and bank clearings were higher. The value of building permits declined reflecting the reduction in home construction, but the total value in 1960 estimated at \$201,000,000 indicates considerable activity in other fields of construction.

Diversification of industries continued at a satisfactory pace with over 100 new and expanded plants started or completed, representing an investment of some \$150,000,000. This investment includes new plants to produce pipe for the oil and gas industry; new packing plant facilities; gas by-product refineries; two new tire manufacturing plants, two new chemical plants and a major expansion to the large chemical plant in Calgary. With the development of gas export, and the resulting pipe line construction, prospects look bright for 1961, and of particular importance is the increasing development of secondary industries which is a true indication of economic growth.

CO-OPERATIVE ACTIVITIES

Co-operative and credit union organizations continued to increase during 1960, the total number now being 715, of which 251 are credit unions with a membership of 77,500, and assets amounting to \$28,500,000.

The year 1960 is the fourteenth year of orderly development of rural electrification in Alberta. There are now more than 52,000 farms electrified, an increase of some 3,200 for the year. It may now be considered that 76% of the farms in the province have been electrified, with power available virtually to all farming areas. Direct loans exceeding \$32,000,000 have been made for this purpose, and additional loans of some \$7,000,000 have been guaranteed by the Province. Repayment of these loans has been satisfactory, the amount now outstanding being approximately \$20,000,000.

FEDERAL-PROVINCIAL TAX SHARING AGREEMENT

The present tax-sharing agreement expires on March 31, 1962. Under this agreement the Province shares Federal taxes to the extent of 13% of personal income tax collected in Alberta; 9% of corporate income attributable to this Province; 50% of the death duties from the estates of deceased Alberta residents, and an equalization payment to bring the yield of these taxes up to the weighted average of the two wealthiest provinces, presently Ontario and British Columbia.

At a meeting of the Prime Minister and Provincial Premiers held last October, the Federal Government suggested that tax-sharing be discontinued after March 31, 1962, and that from that date, each Province be responsible by its own legislation for the tax revenue it required. The government of Canada proposed to provide a fixed sum for equalization payment, from which the Atlantic Provinces would receive certain additional grants, the balance to be distributed amongst the Provinces according to a formula to be worked out at a later date.

The Government of Alberta was not adverse to the principal of each Province levying its own taxes, provided that the Federal Government remain the collecting agency. However Alberta was opposed to the fixing of an aggregate sum for the equalization payment, and in effect indicated that the present method of making equalization payments is considered equitable.

At the time of preparing this Speech, there was an indication in the press, that the Federal Government would not be adamant concerning the termination of tax-sharing, and that in view of most of the Provinces expressing a desire to continue tax-sharing with a flexible equalization factor, the whole matter is open for re-discussion at a meeting called for February 23 and 24. No doubt you have all read the reports of progress made at this meeting.

MUNICIPAL WINTER WORKS INCENTIVE PROGRAM

A greater number of municipalities are currently undertaking projects than in the previous year. This increased participation can be attributed to the widening of the type of projects which may be undertaken, and to the availability of Provincial Government grants for roads, sidewalks and recreational facilities. After projecting the program to its closing date, April 30, 1961, it is estimated that there will be 625 projects with a total cost of \$16,500,000. Of this sum, the Federal and Provincial Governments will contribute \$4,225,000, being

75% of the labor costs; with the remainder being financed by Provincial grants and municipal reserves and loans.

TREASURY BRANCHES

All types of social and commercial business, as well as individuals utilize the Treasury Branches services, and new clients are continually seeking financial assistance and services. To the extent possible, the Treasury Branches will continue to provide banking facilities to those concerns which will help the social and economic welfare of the Province. One new branch was opened in 1960, and five more branches are planned for 1961. The policy of opening branches will continue where it is economically sound to do so.

During 1960, the number of accounts increased by 2379, and total deposits increased by \$5,500,000. The number and amount of loans increased modestly.

For the fiscal year ended March 31, 1960, net revenue of \$743,858 was realized, of which \$743,000 was added to the reserve for bad debts. This reserve which now stands at some \$2,000,000, is considered adequate to meet any contingency.

AUDITORIUMS

The policy of making the facilities of the Auditoriums available to the greatest possible number of people has continued. As a result the programs and events have been very diversified, covering the fields of religion, education, entertainment, business, youth and charity. Attendance at the Auditoriums increased by 21,000 in 1960, to a total of 867,000.

TOURIST TRAVEL

The tourist business is very important to the economy of the province. Nearly 2,800,000 travellers spent approximately \$70,000,000 in Alberta during 1960. To accommodate these tourists, there were 287 motels in operation providing 3591 sleeping units, and 308 camping sites for this popular vacation activity.

THE ALBERTA HAIL INSURANCE BOARD

The Board experienced another active year in 1960 with 10,971 farmers insuring 2,030,407 acres with a risk of \$16,681,000. Premiums charged amounted to \$1,347,908, and awards totalling \$1,420,000 were paid due to severe hail losses. With reserves of nearly \$3,000,000, the Board was in an excellent position to stand the deficit for 1960 and also to again provide for a dividend to non-claimants.

PUBLIC ACCOUNTS 1959-60

The Public Accounts for the fiscal year ended March 31, 1960 have been tabled and released to the press. They provide the Members of this Assembly and the public with detailed information concerning the financial operations of the Province.

Our operations for the year resulted in a surplus of \$43,601,447, whereas I had presented a budget for that year forecasting a deficit of \$48,397,128. The very gratifying improvement is attributed to much larger receipts from the sale of Crown leases and reservations, chiefly due to the discovery of a major oil field in the Swan Hills area, and to generally higher collections resulting from the improved economic conditions prevailing in 1959, the main increase accruing from our tax-sharing agreement with the Federal Government. You may recall that I mentioned the possibility of an improvement in revenue from these sources in my budget address at that time.

CURRENT FISCAL YEAR

Our financial statement on a cash basis for the nine months ended December 31, 1960 has been released and is available to the Members of the Assembly. Total receipts were \$250,624,841, and expenditures totalled \$274,688,229; the result being a deficit of \$24,063,388.

While we anticipate some reduction in this deficit by the end of our fiscal year on March 31, 1961, nevertheless it now appears that we have entered into a period where revenues will be insufficient to meet our expenses.

ESTIMATES FISCAL YEAR ENDING MARCH 31, 1962

Copies of the Estimates for the fiscal year ending March 31, 1962, have been tabled and distributed to each Member of this Assembly. The Estimates are summarized as follows:

Estimated revenue—income account	\$309,056,695	
Estimated receipts—capital account	14,349,100	\$323,405,795
Estimated expenditure—income account	\$256,107,975	
Estimated expenditure—capital account	77,389,995	
Estimate payments—statutory	3,200,000	\$336,697,970
Estimated over-all deficit		\$ 13,292,175

The above total budgetary expenditures of \$336,697,970 exceeds last year's record budget by \$8,069,837. This increase, together with an estimated decrease in revenue of \$5,234,025 means that we will have to draw on our reserves by more than \$13,000,000 next year, and you will have noted in the preceding section that we anticipate a substantial deficit for the current year. While it is fortunate that we have accumulated reserves, nevertheless the trend of rising expenditures and decreasing revenues is alarming. Surely this situation demands serious thinking by all of our people before further services are requested of the Government.

The following tables summarize our estimated revenues and expenditures by departments, and show comparisons with last year's estimates.

ESTIMATED REVENUE—INCOME ACCOUNT

Department	Estimates 1961-62	Estimates 1960-61	Increase Decrease *
Agriculture	\$ 838,745	\$ 682,660	\$ 156,085
Attorney General	5,048,900	5,155,600	106,700*
Education	733,700	550,600	183,100
Executive Council	2,755,000	2,501,200	253,800
Highways	14,103,650	12,858,150	1,250,500
Industry and Development	106,000	105,000	1,000
Labour	384,500	359,500	25,000
Lands and Forests	6,796,000	7,500,000	704,000*
Legislation	13,085	13,085	—
Mines and Minerals	107,497,000	127,519,500	20,022,500*
Municipal Affairs	7,335,850	6,066,600	1,269,250
Provincial Secretary	33,238,260	30,560,710	7,677,550
Public Health	23,098,000	18,900,500	4,197,500
Public Works	646,805	390,715	256,090
Treasury — Govt. of Canada Subsidies	2,395,000	2,355,000	40,000
Treasury — Tax Rental Agreement	58,763,000	59,635,000	872,000*
Treasury	40,298,200	38,718,500	1,579,700
TOTAL: Estimated Revenue Income Account	\$309,056,695	\$313,872,320	\$ 4,815,625*

In addition to the above statement of departmental revenue, I think it would be of interest to see the main sources from which we obtain our revenue, and a comparison with the amounts estimated last year:

Source of Revenue	Estimates 1961-62	Estimates 1960-61	Increase Decrease *
Tax sharing arrangements and subsidies	\$ 61,158,000	\$ 61,990,000	\$ 832,000*
Fuel oil tax and auto licenses	48,366,000	39,798,000	8,568,000
Alberta Liquor Control Board	21,000,000	19,500,000	1,500,000
Natural Resources	114,293,000	135,019,500	20,726,500*
All other sources	64,239,695	57,564,820	6,674,875
TOTAL	\$309,056,695	\$313,872,320	\$ 4,815,625*

The following table shows the percentage of total revenues collected from each of these main sources for the past five years:

	Actual 1957-58	Actual 1958-59	Actual 1959-60	Estimated 1960-61	Estimated 1961-62
Tax sharing arrangements & subsidies	17.97	18.45	17.62	19.75	19.79
Fuel oil tax and auto licenses	13.62	12.95	11.09	12.68	15.65
Alberta Liquor Control Board	6.70	6.92	5.62	6.21	6.79
Natural resources	49.11	42.75	44.77	43.02	36.98
All other sources	12.60	18.93	20.90	18.34	20.79
TOTAL	100%	100%	100%	100%	100%

ESTIMATED RECEIPTS—CAPITAL ACCOUNT

Department	Estimates 1961-62	Estimates 1960-61	Increase Decrease *
Agriculture	\$ 355,800	\$ 316,500	\$ 39,300
Highways	1,532,000	2,871,700	1,339,700*
Lands and Forests	733,850	332,000	401,850
Municipal Affairs	32,000	34,000	2,000*
Public Works	1,815,550	826,000	989,550
Treasury	9,879,900	10,387,300	507,400*
TOTAL: Estimated Capital Receipts	\$ 14,349,100	\$ 14,767,500	\$ 418,400*

ESTIMATED EXPENDITURE—INCOME ACCOUNT

Department	Estimates 1961-62	Estimates 1960-61	Increase Decrease *	Percentage of Total Expenditure
Agriculture	\$ 4,957,230	\$ 4,701,660	\$ 255,570	1.94%
Attorney General	8,777,815	8,150,085	627,730	3.43
Education	69,509,370	67,650,186	1,859,184	27.14
Executive Council	3,689,510	3,323,550	360,960	1.44
Highways	27,818,990	28,564,970	745,980*	10.86
Industry and Development	978,730	995,900	17,170*	.38
Labour	1,672,420	1,629,350	43,070	.65
Lands and Forests	8,953,740	8,771,000	182,740	3.50
Legislation	1,253,135	888,570	364,565	.49
Mines and Minerals	1,971,910	2,081,415	109,505*	.77
Municipal Affairs	2,671,010	2,388,640	282,370	1.04
Provincial Secretary	2,762,930	3,469,080	706,150*	1.08
Public Debt	2,659,590	3,791,700	1,132,110*	1.04
Public Health	69,002,300	61,939,000	7,063,300	26.94
Public Welfare	15,866,700	16,098,320	231,620*	6.20
Public Works	13,871,220	9,147,460	4,723,760	5.42
Treasury	19,011,435	18,953,246	58,189	7.42
Vocational Training	679,940	781,010	101,070*	.26
TOTAL: Estimated Expenditure				
Income Account	\$256,107,975	\$243,330,142	\$ 12,777,833	100%

ESTIMATED—CAPITAL EXPENDITURE

Department	Estimates 1961-62	Estimates 1960-61	Increase Decrease *
Agriculture	\$ 1,773,050	\$ 1,998,591	\$ 225,541*
Education	382,000	337,700	44,300
Highways	42,877,845	42,860,340	482,495*
Lands and Forests	850,150	15,500	834,650
Public Works	27,961,950	36,045,860	8,083,910*
Treasury	4,045,000	15,000	4,030,000
TOTAL: Estimated Capital Expenditure	\$ 77,339,995	\$ 81,272,991	\$ 3,828,996

I now turn to the budget information and detail of the various departments.

DEPARTMENT OF AGRICULTURE

	1961-62	1960-61	Increase or Decrease *
Estimated Revenue:			
Income Account	\$ 838,745	\$ 682,660	\$ 156,085
Capital Account	355,800	316,500	39,300
	\$ 1,194,545	\$ 999,160	\$ 195,385
Estimated Expenditure:			
Income Account	\$ 4,957,230	\$ 4,701,660	\$ 255,570
Capital Account	1,773,050	1,998,591	225,541*
	\$ 6,730,280	\$ 6,700,251	\$ 30,029

Farming today is an industry requiring the proper use of land, control of agricultural pests, and a knowledge of modern techniques to economically raise, harvest and market crops and livestock. It is the policy of the Department of Agriculture to assist farmers in all phases of their business, and to accomplish this, substantial sums have been provided for the activities of district agriculturists and home economists, for assistance in field crops, for supervision and assistance in the livestock, poultry and dairy industries and for the preparation of land in irrigated areas. Our schools of Agriculture at Olds and Vermilion will continue to teach students the business of agriculture, and to facilitate this service, a new plant science building is planned at Olds. The Minister of Agriculture is responsible for the operations of the Alberta Emergency Measures Organization, and this organization plans province-wide civil defence activities for the coming year. It is anticipated that this organization will require \$578,920 of which we expect a reimbursement of 75% from the Federal Government.

In the capital expenditures, provision has again been made to improve the canals at the Bow River and St. Mary and Milk River irrigation developments, and a further sum has been appropriated for other irrigation, drainage and flood control projects throughout the Province.

In the Department of Public Works, provision has been made for \$232,600 chiefly for construction at the Agricultural schools, and also \$19,930 for furnishings and equipment.

ATTORNEY GENERAL'S DEPARTMENT

	1961-62	1960-61	Increase or Decrease *
Estimated Revenue:			
Income Account	\$ 5,048,900	\$ 5,155,600	\$ 106,700*
Estimated Expenditure:			
Income Account	\$ 8,777,815	\$ 8,150,085	\$ 627,730

Revenues are derived from legal fees and services, the main sources being fees under The Land Titles Act and statute fines. There is a downward trend becoming evident in the activities of the Land Titles Offices which of course adversely affects our revenue from this source.

Criminal offenders increase as our population grows, and our penal institutions are taxed to the limit. We have requested a sum of \$2,534,400 to administer these institutions, which is \$128,780 more than the amount estimated a year ago. The cost of policing the Province has also increased, and our agreement for the services of the Royal Canadian Mounted Police will require \$1,709,690 next year. Substantial amounts are also needed for the administration of our courts, the Public Trustee's office, the Land Titles Office and for other legal services.

The capital vote in the Public Works Department includes amounts of \$639,700 and \$93,220 for construction and furnishings respectively, at our institutions.

DEPARTMENT OF EDUCATION

	1961-62	1960-61	Increase
Estimated revenue:			
Income account	\$ 733,700	\$ 550,600	\$ 183,100
Estimated expenditure:			
Income account	\$ 69,509,370	\$ 67,650,186	\$ 1,859,184
Capital account	382,000	337,700	44,300
	\$ 69,891,370	\$ 67,987,886	\$ 1,903,484

There are increasing indications that our people are becoming concerned over the rising cost of education. We must have schools adequately equipped and teachers properly qualified, and to provide these for a growing population, large sums of money are required. The government has been studying this situation, and during the course of this Session there will be further opportunity to discuss the proposals to equalize mill rates for educational purposes and to provide grants adequate to supplement the costs of a basic educational program throughout the province.

From the above figures, you will note that we expect to spend \$69,891,370 for the Department of Education, which is \$1,903,484 more

than the amount voted last year, and represents 22.6% of our revenue on income account. Operational grants to schools will be \$3,000,000 higher for a total of \$49,000,000, while construction grants are expected to be lower at \$7,000,000. The rate of school building appears to have passed its peak, at least for the time being. It may be of interest to note that statistics at June 30, 1960 show that there were 277,920 pupils, 11,789 teachers, and that the cost per pupil was \$352.00 with a total operating cost of \$103,000,000.

The number of students at the Universities in Edmonton and Calgary now total 7,900, and 3,000 students were enrolled in last year's summer session. To meet the cost of such a large enrolment, the government expects to contribute \$8,000,000 to the operation of the University of Alberta next year.

The sum of \$1,056,500 has been provided to assist teachers in training and other students, and a further amount of \$382,000 will be made available in loans to university and technical school students.

To provide industrial training courses at the Southern Alberta Institute of Technology in Calgary, we anticipate an expenditure of \$1,328,640, and we expect that the Northern Alberta Institute of Technology in Edmonton will be in operation before the end of the next fiscal year.

The capital program conducted by the Department of Public Works includes \$939,500 for construction at the two Institutes of Technology, and \$4,139,000 to continue construction of buildings at the two Universities. A further sum of \$2,253,650 has also been estimated to furnish and equip our educational buildings.

EXECUTIVE COUNCIL

	1961-62	1960-61	Increase
Estimated revenue:			
Income Account	\$ 2,755,000	\$ 2,501,200	\$ 253,800
Estimated Expenditure:			
Income Account	\$ 3,689,510	\$ 3,328,550	\$ 360,960

The Public Service Pension and Retirement Funds are administered under the Executive Council vote. It is expected that contributions from the Civil Service and employees of affiliated boards will amount to \$2,700,000, while payments of pensions and refunds are estimated at \$2,160,000. Research and investigations by the Research Council of Alberta will be continued, and \$1,133,100 has been provided to pay for this service to the industrial development of our Province.

DEPARTMENT OF HIGHWAYS

	1961-62	1960-61	Increase or Decrease *
Estimated Revenue:			
Income account	\$ 14,108,650	\$ 12,858,150	\$ 1,250,500
Capital account	1,532,000	2,871,700	1,339,700*
	\$ 15,640,650	\$ 15,729,850	\$ 89,200*
Estimated Expenditure:			
Income account	\$ 27,818,990	\$ 28,564,970	\$ 745,980*
Capital account	42,377,845	42,860,340	482,495*
	\$ 70,196,835	\$ 71,425,310	\$ 1,228,475*

The very substantial construction and maintenance program on our highways will be continued next year. The following table illustrates the cost of next year's program with a comparison with the amounts voted last year.

ADMINISTRATION AND MAINTENANCE

	1961-62	1960-61	Increase or Decrease *
Ferries, bridges and highways	\$ 6,437,725	\$ 6,277,290	\$ 160,435
Construction and maintenance of bridges in municipalities	3,050,000	3,150,000	100,000*
Construction and maintenance of Highways in municipalities	13,650,000	14,650,000	1,000,000*
Construction—municipal projects	1,250,000	1,250,000	
Approach roads	1,000,000	1,000,000	
Motor vehicle branch	1,465,260	1,405,830	59,430
Administration	966,005	831,850	134,155
	<u>\$ 27,818,990</u>	<u>\$ 28,564,970</u>	<u>\$ 745,980*</u>

CONSTRUCTION

Ferries, bridges and highways	\$ 42,377,845	\$ 42,860,340	\$ 482,495*
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Construction and maintenance of highways in municipalities includes an amount of \$2,000,000 to continue the phase of the five year program relative to certain street paving and sidewalks in towns, villages and hamlets.

The Trans-Canada highway has been completed, and we now share with the Federal Government a program of building roads to resources. Three million dollars has been estimated for this purpose, half of which will be reimbursed.

Revenue comes mainly from registration fees administered by the Motor Vehicle Branch. This source is expected to increase by \$1,248,000 to a total of \$14,046,000, reflecting the increasing number of automobiles operated in Alberta. It is interesting to compare total receipts paid by motorists with total expenditures of the Highways Department:

Total Highways expenditure	\$ 70,196,835
Total receipts paid by motorists:	
Registration fees etc.	\$ 14,046,000
Fuel Oil Tax	34,320,000
	<u>48,366,000</u>
Excess of expenditure over receipts	<u>\$ 21,830,835</u>

In the Public Works appropriation, an amount of \$454,800 has been provided for maintenance and repair shops at various centres in the Province.

DEPARTMENT OF INDUSTRY AND DEVELOPMENT

Estimated Revenue:	1961-62	1960-61	Increase or Decrease *
Income account	\$ 106,000	\$ 105,000	\$ 1,000
Estimated Expenditure:			
Income account	<u>\$ 978,730</u>	<u>\$ 995,900</u>	<u>\$ 17,170*</u>

The department will continue its policy of assisting all phases of industrial development and providing information for tourists. Statistics, publicity pamphlets, road maps and guides are made available,

and senior departmental officials are prepared at all times to give their personal attention to any matters relating to industry.

The department also licenses and regulates trades and businesses, and supervises the activities of co-operative associations and credit unions.

DEPARTMENT OF LABOUR

	1961-62	1960-61	Increase
Estimated revenue:			
Income account	\$ 384,500	\$ 359,500	\$ 25,000
Estimated Expenditure:			
Income account	\$ 1,672,420	\$ 1,629,350	\$ 43,070

With the industrial development of the Province comes the responsibility of maintaining good relations between management and labour, and the necessity of examining and regulating industry to ensure safe standards for employees and the public generally. To perform these duties, the department will require a modest increase over the amount voted last year.

Revenues are obtained through fees and licenses charged to industry for various services.

DEPARTMENT OF LANDS AND FORESTS

	1961-62	1960-61	Increase or Decrease *
Estimated Revenue:			
Income account	\$ 6,796,000	\$ 7,500,000	\$ 704,000*
Capital account	733,850	332,000	401,850
	\$ 7,529,850	\$ 7,832,000	\$ 302,150*
Estimated Expenditure:			
Income account	\$ 8,953,740	\$ 8,771,000	\$ 182,740
Capital account	850,150	15,500	834,650
	\$ 9,803,890	\$ 8,786,500	\$ 1,017,390

We are again budgeting for an increase in our program of developing and conserving our surface natural resources. The implementation of a forest access roads agreement with the Federal Government will cost \$850,150 which is shared equally by the two governments. The total cost of managing and protecting our forests is estimated to be \$6,556,950 for the coming year. The fish and wild life branches will require \$874,330, and \$851,930 is needed to continue development of our provincial parks.

There is a downward trend in the sale of timber, and our revenue from timber fees and rentals is expected to be \$700,000 lower at \$3,000,000. Substantial revenues will be obtained from development of the Eastern Rockies Conservation area, and from grazing fees on Crown lands throughout the Province. Licenses and fees under the Fisheries and Game Acts are estimated to account for further receipts of \$1,006,000.

The sum of \$203,500 has been provided in the Public Works vote to build ranger stations, office accommodation, warehouses and other buildings at various points in the Province.

LEGISLATION

Estimated Revenue:	1961-62	1960-61	Increase
Income account	\$ 13,085	\$ 13,085	
Estimated Expenditure:			
Income account	\$ 1,253,135	\$ 888,570	\$ 364,565

The government has given its approval to the establishment of an electronic system of recording and accounting. To this end a data processing centre has been set up, the members of which are intensively studying the system to facilitate the transfer of present methods to the electronic machines. This transfer will be effected on April 1, 1962, and we are confident that our accounting procedures will be greatly improved at less cost. A sum of \$373,480 has been appropriated to provide for staff, equipment, rentals and other expenses to get this centre into operation for the 1962-63 fiscal year.

Further amounts of \$347,000 and \$446,220 have been estimated for sessional indemnities, and for the operation of the Provincial Auditor's office.

DEPARTMENT OF MINES AND MINERALS

Estimated Revenue:	1961-62	1960-61	Decrease
Income account	\$107,497,000	\$127,519,500	\$ 20,022,500
Estimated Expenditure:			
Income account	\$ 1,971,910	\$ 2,081,415	\$ 109,505

The hope expressed in my budget address last year that revenue from the sale of Crown leases and reservations would remain at a high level, has not materialized. The lack of oil markets, and perhaps the need to discover a new major field, have caused a dwindling in the interest shown at our oil sales. Revenue from this source has dropped considerably and is the major factor in our apparent deficit for the current year. We cannot be realistically optimistic in our forecast of this revenue for the coming year and have estimated receipts of \$44,250,000 which is a decrease of \$24,000,000 from the amount estimated last year. Rentals and royalties from the petroleum and natural gas industry should be somewhat higher, and we expect to obtain \$61,300,000 from these sources. The Mineral Taxation Act will yield receipts totalling \$1,250,000.

Expenditures will be maintained to administer the development of our natural resources, and include \$785,000 as the Province's share towards the operation of the Oil and Gas Conservation Board, and \$110,000 to make safe certain abandoned mining properties.

An addition to the Oil Conservation Building in Calgary is planned at a cost of \$550,000 which has been included in the Public Works Department.

DEPARTMENT OF MUNICIPAL AFFAIRS

Estimated Revenue:	1961-62	1960-61	Increase or Decrease *
Income account	\$ 7,335,850	\$ 6,066,600	\$ 1,269,250
Capital account	32,000	34,000	2,000*
	\$ 7,367,850	\$ 6,100,600	\$ 1,267,250
Estimated Expenditure:			
Income Account	\$ 2,671,010	\$ 2,388,640	\$ 282,370

The main item of revenue is \$7,142,000, being the amount estimated to be received from municipalities as their share of the Province's hospitalization plan. The municipalities will levy a tax at the rate of 4 mills on an equalized assessment basis on all property and remit the proceeds to the Department of Municipal Affairs.

The Department will continue its policy of instituting a uniform assessment basis for all property in the Province, and of assisting local governing authorities with their assessments and planning.

To carry on the Municipal Winter Works Incentive Program for next year, provision has been made for \$2,500,000 which is an increase of \$1,000,000 over the amount provided last year. Of this amount, the Federal Government will reimburse us to the extent of \$1,700,000.

PROVINCIAL SECRETARY'S DEPARTMENT

	1961-62	1960-61	Increase or Decrease *
Estimated Revenue:			
Income account	\$ 38,238,260	\$ 30,560,710	\$ 7,677,550
Estimated Expenditure:			
Income account	\$ 2,762,930	\$ 3,469,080	\$ 706,150*

Substantially higher receipts are expected from collections under The Fuel Oil Tax Act, embodying a 2c per gallon increase in the tax. Revenue from The Insurance Corporation Tax Act and The Pari-Mutual Tax Act are also expected to increase. The yields from these three taxes are estimated to be \$34,320,000, \$2,300,000 and \$800,000 respectively.

In the Province's five-year program, the Provincial Secretary is administering the payment of recreational grants to municipalities. We expect that such grants will total \$1,500,000 next year.

The Cultural Branch will continue its program of providing assistance to libraries, community endeavors and other cultural activities. The sum of \$394,610 has been provided for this purpose.

PUBLIC DEPT

	1961-62	1960-61	Decrease
Estimated Expenditure:			
Income account	\$ 2,659,590	\$ 3,791,700	\$ 1,132,110

Debentures and treasury bills maturing next year amount to \$2,051,000, which is \$1,081,000 less than the amount falling due this year. Interest and expenses of \$608,590, show a decrease of \$51,110 compared with those of the present year. The public debt has been reduced to \$25,593,583 as at December 31, 1960.

The need of providing capital funds for the Alberta Government Telephones Commission, and for our municipalities, school boards and hospital boards has necessitated additional borrowings by the Telephones and by the Alberta Municipal Financing Corporation with the guarantee of the Provincial government. Total guaranteed debt of the Province amounted to \$219,360,841 as at December 31, 1960.

At March 31, 1960, our investments amounted to \$437,908,030, consisting of \$309,756,172 invested in debentures of our municipalities,

school boards, hospital boards, rural electrification associations and Alberta Government Telephones; and \$128,151,858 in cash and debentures of the Federal and Provincial Governments.

DEPARTMENT OF PUBLIC HEALTH

	1961-62	1960-61	Increase
Estimated Revenue:			
Income account	\$ 23,098,000	\$ 18,900,500	\$ 4,197,500
Estimated Expenditure:			
Income account	\$ 69,002,300	\$ 61,939,000	\$ 7,063,300

The cost of providing a comprehensive health program increases as our population grows and the need to expand services arises. The total cost of the Department of Health is estimated to be \$69,002,300 which is 22.3% of our total revenue on income account.

The amount required for the Alberta Hospitalization Plan is \$50,858,800 which is \$5,495,300 more than the amount provided last year. The increase is due not only to rising costs and a larger number of patients, but also to a steady increase in the services rendered. The Federal Government's share of the Plan is estimated to be \$20,500,000, and as mentioned earlier the Department of Municipal Affairs will collect an estimated \$7,142,000 from the municipalities. The net cost to the Provincial Government will be \$23,216,800. Although these costs are high, it must be remembered that improved hospitalization is now available to all of our people for a modest fee, and that hospital accommodation is now being provided by the Government.

The net cost of operating our mental institutions is estimated to be \$9,114,500 and a further amount of \$2,055,300 will be required for the care of tuberculosis patients. Additional sums will be needed for cancer treatment, poliomyelitis patients, dental health, cerebral palsy clinics, provincial laboratories and other health services. The following table shows the estimated cost of health services compared to the estimated cost last year.

Service	Estimates 1961-62	Estimates 1960-61	Increase
Care of tuberculosis patients	\$ 2,055,800	\$ 2,018,400	\$ 36,900
Mental institutions	9,114,500	8,491,000	623,500
Alberta Hospitalization Plan	50,858,800	45,363,500	5,495,300
Medical care of pensioners	1,852,300	1,617,400	234,900
Cancer treatment	863,400	801,500	61,900
Administration and other health services	4,258,000	3,647,200	610,800
	\$ 69,002,300	\$ 61,939,000	\$ 7,063,300

There is an extensive building program amounting to \$2,857,500 in the Public Works vote for construction of wards, reception rooms and service units at our mental institutions. We expect to complete the main construction at the University Hospital at a cost of \$1,013,000, and plans are progressing favorably for the new Provincial Foothills Hospital in Calgary. A further sum of \$334,750 is provided to furnish units as they are completed.

DEPARTMENT OF PUBLIC WELFARE

	1961-62	1960-61	Decrease
Estimated Expenditure:			
Income account	\$ 15,866,700	\$ 16,098,320	\$ 231,620

The department is working towards a new concept of welfare, which is the granting of social allowances based on individual need.

The present programs of public assistance, mothers' allowances, widows' pensions, disabled persons' pensions and supplementary allowances will be merged into a social allowance plan with individual need determining the amount of the allowance. To accomplish this, twenty or more regional offices have been or will be established throughout the Province in order that local cases can receive personal attention.

The above table indicates that expenditures will decrease next year. Actually there will be a considerable increase in welfare provided, but increased reimbursements from the Federal Government will bring our net cost below the net cost estimated last year. With the cost of public assistance, child welfare, and pensions and allowances going up, our gross expenditure for next year is estimated to be \$24,754,200 compared with \$21,951,820 estimated for the current year. Federal reimbursements are expected to amount to \$8,887,500.

Thirty-one homes for the aged have been completed and are in operation. A great deal of interest in these homes has been indicated from welfare agencies across the continent. The Public Works Department will commence construction on the two large projects in Edmonton and Calgary, and additional homes will be built in other centres as the need becomes apparent. The hostel in Edmonton will be completed next year, and alterations are planned for the Ogden Hostel in Calgary.

DEPARTMENT OF PUBLIC WORKS

Estimated Revenue:	1961-62	1960-61	Increase or Decrease *
Income account	\$ 646,805	\$ 390,715	\$ 256,090
Capital account	1,815,550	826,000	989,550
	\$ 2,462,355	\$ 1,216,715	\$ 1,245,640
Estimated Expenditure:			
Income account	\$ 13,871,220	\$ 9,147,460	\$ 4,723,760
Capital account	27,961,950	36,045,860	8,083,910*
	\$ 41,833,170	\$ 45,193,320	\$ 3,360,150*

In the sections dealing with the different departments, I have indicated the capital funds required for buildings and equipment as they pertained to each department. It is the responsibility of the Public Works Department to construct and furnish all public buildings, and the following table shows the complete capital program for the coming fiscal year:

1. Department of Agriculture:	
Construction at schools and farms	\$ 232,600
2. Attorney General's Department:	
Construction at gaols and institutions	639,700
3. Department of Education:	
Construction at University of Alberta	4,139,000
Construction at Institutes of Technology	939,500
4. Department of Highways:	
Maintenance Shops	454,800
5. Department of Lands & Forests:	
Construction of warehouses, ranger stations etc.	203,500
6. Department of Mines and Minerals:	
Addition to Oil Conservation Board, Calgary	550,000
7. Department of Public Health:	
Construction at Provincial Institutions	\$ 2,847,500
Construction at University Hospital	1,013,000
Plans for cancer clinic in Edmonton	10,000

8. Department of Public Welfare:	155,000
Construction—hostels	5,100,000
Construction—homes for the aged	
9. Department of Public Works:	980,000
Power plant building on University grounds	6,482,500
Legislative and provincial buildings, court houses and shops	
10. Treasury Department:	175,000
Construction—Treasury Branches	\$ 23,922,100
Total estimated construction of public buildings	423,900
Construction at provincial power plants	3,615,950
Furnishings and equipment for all public buildings	
Total: Department of Public Works Capital estimates	\$ 27,961,950

In the income section of the department, expenditures will naturally increase as we complete new buildings, and \$10,304,620 has been estimated to maintain our public buildings. In addition, \$2,800,000 has been provided for the payment of grants to municipalities in lieu of taxes on government property; \$745,600 for grants towards the construction of municipal police stations; and \$21,000 for grants for municipal swimming pools.

Revenue will be obtained from rentals and fees of government buildings and services, and from reimbursements from the Federal Government of construction costs on certain University buildings and those at the institutes of technology.

TREASURY DEPARTMENT

Estimated Revenue:	1961-62	1960-61	Increase or Decrease *
Income Account:			
Government of Canada	\$ 61,158,000	\$ 61,990,000	\$ 832,000*
Departmental	\$ 40,298,200	38,718,500	1,579,700
Capital Account	9,879,900	10,387,300	507,400*
	\$111,336,100	\$111,095,800	\$ 240,300
Estimated Expenditure:			
Income Account	\$ 19,011,435	\$ 18,953,246	\$ 58,189
Capital Account	4,045,000	15,000	4,030,000
	\$23,056,435	\$ 18,968,246	\$ 4,088,189

The estimated revenue from Canada under Federal subsidies and tax-sharing arrangements is somewhat lower than the amount estimated for the present fiscal year. Actually our receipts from the main tax sharing agreement are forecast at the same rate as for the current year, but, our calculation of the amount to be received as our share of income tax from certain public utility corporations was over estimated last year.

We anticipate our liquor profits to increase to \$21,000,000 next year, and the gross earnings from our Treasury Branches are expected to be higher at \$3,400,000. Other departmental revenue will come mainly from interest on our invested reserved.

Capital receipts will be derived from Principal repayments on our investments, thus reducing our reserves by the amount so received.

We shall continue to distribute an amount of \$15,000,000 amongst our municipaliites as unconditional grants, and this amount is included in the estimated expenditure on income account. The Treasury Branches will require \$2,840,920 to operate, and you will note that this expenditure is considerably less than the estimated earnings of \$3,400,000.

In capital expenditures, we have estimated payments of \$4,010,000 to be made next year to Calgary Power Limited to reimburse them for construction costs of the initial storage development at the Brazeau Storage and Power Development. In the current year, payments of approximately \$6,000,000 will be made, but the total of all payments on this project shall not exceed \$14,546,000. This sum is repayable by Calgary Power Limited to the Government, on or before October 1, 1980.

In addition, certain statutory loans will be made next year. Loans under The Farm Purchase Credit Act have become very popular with 463 applications approved in 1960 granting loans totalling \$2,512,600. We anticipate this trend to continue and expect to make loans of at least \$2,000,000 in 1961. Rural electrification loans are still in demand, and it is estimated that \$500,000 will be required for this purpose to supplement the revolving principal of the fund. Loans will also be made for Rural Telephone Associations and for Homestead leases.

VOCATIONAL TRAINING

Estimated Expenditure:	1961-62	1960-61	Decrease
Income account	\$ 679,940	\$ 781,010	\$ 101,070

Supervision and training of apprentices in many trades will be continued so that thousands of our young people will be better equipped for the skills required in this industrial age. The total cost of vocational programs is estimated to be \$1,741,650 for next year compared with \$1,570,180 voted last year. The Federal Government is participating to a greater extent and reimbursements are expected to amount to \$1,061,710.

The site for the Institute of Technology at Edmonton has been arranged, and construction will start next year. There will be accommodation for the training of apprentices at this school when it is completed.

MUNICIPAL ASSISTANCE

Much is being said these days about the critical financial condition of municipalities and the need for further assistance from the Provincial government. With the rising cost of education and other services, it would be idle to deny that local governing bodies are hard pressed to meet their commitments. This government has recognized the situation and the assistance given has been progressively higher year after year. The total direct assistance in major grants of all kinds will amount to \$98,976,100 for the coming year, and indirect assistance will be \$36,893,400. Since 1950 we will have provided nearly \$900,000,000 towards relieving the burden on local tax payers.

In addition to this assistance, the Province has made available, through its own resources and through the Alberta Municipal Financing Corporation, capital funds required for municipal purposes, schools and hospitals. The interest rate is governed by the cost of provincial borrowing, thus affording considerable savings to our municipalities, and furthermore capital funds have been made available where otherwise they would have been practically impossible to obtain.

The Alberta Municipal Financing Corporation has sold debentures totalling \$158,200,000 at December 31, 1960, and has \$143,370,724, in outstanding loans to municipalities, school boards and hospital boards.

A statement appended to this address shows the particulars of municipal assistance from the Province since 1950.

CONCLUSION

Now Mr. Speaker I would remind the Honorable Members that the changed circumstances in our provincial finances were not entirely unanticipated a year ago. At that time the conclusion of the budget speech drew attention to the fact that revenue predictions might well be over optimistic. There was a warning that salaries, wages and material prices were still rising. You were reminded that municipal governing bodies would be hard pressed to provide the services expected from them and that tax increases would seem inevitable. The contentions that the Provincial Government would have to absorb a much higher share of local government costs was predicted. The figures you have just considered and the happenings of the last year have validated last year's apprehensions and it is to be expected that we shall now be asking—"Where do we go from here?"

Here we are in prosperous, progressive, hospitable, humanitarian Alberta taking into our revenue some \$9,879,900 of reserves in the form of repayment of loans we have made and still planning a deficit of more than \$13,000,000. What next? Are we to bury our heads in the sand and ignore the signs of the times? Are we to believe those who preach naively that we can have more services and less taxes? Are we to use up our reserves in a few short years thinking wishfully that all will change for the better before our reserves are gone? Or are we to plan for the worst, to cut back services, to reduce government staff to the bare minimum, to discontinue our capital programs and cut maintenance to the limit? Is it time to implement new taxes and impose charges for services for which we have never charged? Is socialization of our industries a way out of our tax problems?

The Government has considered all these alternatives and has decided on a policy of retrenchment which can be accomplished without any drastic reduction in service, without lowering the levels of assistance to municipalities, without the imposition of new taxes for provincial purposes and without such a call on our reserves as might lead us to the necessity of imposing some economy shattering new taxes at a later date.

You have been told of proposals which will broaden the tax base and add to assessment rolls much property which has enjoyed unjustified exemption. You are now aware of an increase in gasoline tax which will call on the users of our roads to pay a more equitable share of costs. You have heard already of the plan to equalize educational mill rates and to standardize a basic educational program.

The study and critical evaluation of government operations promised last year have gone ahead on schedule. A new classification of civil service positions is nearly complete and there has been a tightening up of safeguards against overstaffing. Government services instituted over the years are being examined and those which have

filled their purpose and are little needed today will be eliminated. Good progress has been made toward establishing the new electronic computer center which will finally make possible great savings in our audit and accounting procedures. New testing, recruiting and in-service training techniques are already being used to improve the quality of the work of civil servants. New standards are being set up to provide sensible controls on capital expenditures. The Government's policy is to do all those things which common sense dictates to bring economy to the management of public affairs.

While the Government regards as one of its proper responsibilities the careful scrutiny of every public expenditure to assure the people of our Province maximum value for each dollar spent on their behalf such care on the part of the Government is not sufficient in itself. There is an opportunity and a responsibility for every citizen to help in this task of holding the costs of goods and services at reasonable levels, not merely by refraining from making demands which can result only in higher costs, but by insisting that his representatives in all levels of government resist those unjustifiable demands which contribute to price increases and thus impose increasing tax burdens on the people of our country.

The long term outlook of the Government recognizes the wisdom of the words of John Stewart Mills, which I quote:

"The worth of the state, in the long run, is the worth of the individuals composing it; and a state that postpones the interests of their mental expansion and elevation to a little more of administrative skill or of that semblance to it which practice gives in the details of business; a state that dwarfs its men in order that they may be more docile instruments in its hands even for beneficial purposes will find that with small men no great thing can really be accomplished, and that the perfection of machinery to which it has sacrificed everything will in the end avail it nothing for want of the vital power which, in order that the machine might work more smoothly, it has preferred to banish."

There is no purpose on the part of the Government of this Province to do anything to dwarf the men and women of our country. There is no reluctance to do everything possible to further their mental expansion and elevation. There shall be no failure to support and encourage their economic and social and cultural progress. As matters stand today the wisdom of management according to Social Credit principles stands boldly confirmed. In what other province can you find reserves to make possible and easily endurable the adjustments which must be made? In what other part of Canada are revenues for provincial purposes so little dependent on taxes? Where else have the resources of the people been husbanded and developed to assure an economic base so little vulnerable to the ups and downs of economic cycles? Where in our Nation have understanding and co-operation between the Province and the municipalities been so sincerely nurtured to facilitate a unified approach to such problems as those we now face?

It is with pride and confidence that this budget is presented for the consideration and approval of this Assembly.

Mr. Speaker, I move that you do now leave the Chair' and that this Assembly resolve itself into a Committee of Supply for the consideration of sums to be granted to Her Majesty.

PROVINCIAL ASSISTANCE TO MUNICIPALITIES
For the Twelve Fiscal Years Ending March 31, 1951 to March 31, 1962

Direct Financial Assistance	Total for 9 Years		1959-60 Actual	1960-61 Estimated	1961-62 Estimated	Total 12 Years
	Apr. 1/50 to Mar. 31/59	Actual				
1. Education:						
Operational Grants to Schools	\$168,885,017		\$ 40,647,528	\$ 46,000,000	\$ 49,000,000	\$304,532,545
Construction Grants to Schools	53,548,875		12,117,355	10,700,000	7,000,000	83,366,230
Grants to Teachers' Retirement Fund	4,410,030					4,410,030
2. Public Health:						
Hospital Construction Grants	4,673,414		616,469	1,326,100	1,250,000	7,865,983
Health Service Grants	1,674,934		486,963	950,000	815,000	3,926,897
3. Highways:						
Grants for roads, bridges and other structures	75,830,462		14,013,612	18,550,000	19,200,000	127,594,074
4. Treasury:						
Grants in lieu of taxes	946,188				2,800,000	3,746,188
Municipal Assistance Grants	71,451,166		15,000,000	15,000,000	15,000,000	116,451,166
Grants for Police Stations					745,600	745,600
5. Attorney General's Department:						
Remission of Fines collected under the Alberta Liquor Act	1,113,639		168,611	160,000	170,000	1,612,300
6. Public Welfare:						
Indigent Relief	11,181,566		1,778,478	2,370,600	1,245,500	16,576,144
7. Lands & Forests Department:						
Refunds of cultivation and grazing leases	3,023,514		236,538	230,000	250,000	3,740,052
8. Provincial Secretary						
Recreational Grants				2,300,000	1,500,000	3,800,000
TOTAL: Direct Financial Assistance	\$396,738,855		\$ 85,065,554	\$ 97,586,700	\$ 98,976,100	\$678,367,209
Indirect Financial Assistance:						
General Hospitalization for all residents and medical services for Pensioners, Polio, Cancer, etc.	113,085,550		\$ 28,945,294	\$ 35,327,400	\$ 36,893,400	\$214,251,674
TOTAL: Direct and Indirect Financial Assistance	\$509,824,435		\$114,010,848	\$132,914,100	\$135,869,500	\$892,618,883
Assistance by Loans:						
1. Self Liquidating Projects Act	\$ 21,994,279					\$ 21,994,279
2. Municipal Capital Expenditure Loans Act	125,000,000					125,000,000
3. Other Municipal Loans	58,086,369		\$ 5,684,294	\$ 2,500,000	\$ 2,500,000	68,770,663
4. School Construction Loans	78,422,373		2,651,490	1,200,000	1,200,000	83,473,863
TOTAL: Assistance by Loans	\$283,503,021		\$ 8,335,784	\$ 3,700,000	\$ 3,700,000	\$299,238,805

NATURAL RESOURCES

		1959 (Final)		1960 (Preliminary)	
		Production	Value	Production	Value
			\$		\$
Crude Oil	bbls.	131,614,363	309,596,328	134,793,356	312,921,060
Natural Gas Marketed	MCF.	352,733,681	24,010,466	443,401,926	31,299,667
Sulphur	tons	238,644		339,733	
Coal	tons	2,528,755	12,756,112	2,404,093	11,439,705
Salt	tons	61,198	1,092,831	73,248	1,322,000
Cement	tons	689,854	11,678,577	665,709	11,234,791
Lime	tons	43,709	741,837	43,080	750,000
Sand and Gravel	tons	13,271,695	11,949,099	14,000,000	12,000,000
Stone	tons	528,961	662,915	530,000	670,000
Clay Products	\$		3,572,920		3,190,955
Gold and Silver, fine	oz.	219	6,731	200	6,700
Lumber—Sawmill Production					
(Crown Lands)	FBM.	360,600,000	20,753,500	347,000,000	19,940,000
Fur Wild Life	No. of	1,322,079	1,267,716	1,489,375	2,340,162
	Pelts				
Commercial Fishing	lbs.	12,663,528	1,682,400	15,183,766	1,916,865

OTHER STATISTICS

		1959 (Final)	1960 (Preliminary)
Retail Trade	\$	1,323,331,000	1,320,000,000
Gross Value of Factory Shipments of Manufacturers	\$	933,661,000	943,950,000
Electric Power Consumption	K.W. Hrs.	3,070,515,000	3,426,735,000
Bank Clearings	\$	9,295,392,502	9,469,779,547
Bank Debits	\$	15,078,069,000	15,410,000,000
Construction Contracts Awarded	\$	274,654,400	222,018,600
Value of Building Permits Issued	\$	273,999,000	203,100,000
Motor Vehicles Licensed	No.	456,458	493,000
Gravelled or Surfaced Roads and Highways	Miles	45,546	48,482
Population (June 1)	No.	1,243,000	1,283,000
Number of School Rooms in Operation (June 30)	No.	9,407	10,066

ESTIMATED VALUE OF AGRICULTURAL PRODUCTION

		1959		1960	
		Production	Value	Production	Value
		Bushels	Dollars	Bushels	Dollars
Wheat		107,000,000	130,540,000	100,000,000	131,000,000
Oats		108,000,000	61,560,000	110,000,000	66,000,000
Barley		110,000,000	79,200,000	100,000,000	74,000,000
Rye		1,700,000	1,445,000	1,750,000	1,270,000
Mixed Grain		9,500,000	6,365,000	9,600,000	6,700,000
Flaxseed		6,600,000	21,120,000	6,400,000	16,000,000
Potatoes		2,533,000	3,420,000	2,832,000	3,400,000
	pounds			pounds	
Mustard Seed		49,000,000	1,862,000	67,000,000	2,500,000
Rapeseed		29,000,000	920,000	125,000,000	4,500,000
Sunflower Seed		17,000,000	510,000	6,800,000	200,000
	tons			tons	
Tame Hay		2,800,000	46,200,000	3,200,000	52,800,000
Sugar Beets		474,800	7,264,000	558,100	8,500,000
Miscellaneous Crops			14,846,000		14,900,000
Total Value Field Crops			375,252,000		381,770,000

		1959		1960	
		Number	Value	Number	Value
			Dollars		Dollars
Cattle		659,554	127,746,000	720,000	129,000,000
Calves		227,883	18,857,000	263,000	23,000,000
Sheep and Lambs		239,326	3,716,000	264,000	3,900,000
Hogs		2,236,254	75,370,000	1,841,000	62,000,000
Total Value Live Stock			225,689,000		217,900,000

Livestock Products

	1959	1960
	Value	Value
	Dollars	Dollars
Dairy Products	\$ 47,042,000	\$ 48,979,000
Poultry Products	28,270,000	29,800,000
Honey & Wax	798,000	1,247,000
Wool	988,000	1,077,000
Fur Farming	2,291,000	2,695,000
Other Live Stock Products	1,732,000	1,800,000
Total Value Live Stock Products	\$ 81,121,000	\$ 85,598,000

SUMMARY

	1959	1960
Field Crops	\$375,252,000	\$381,770,000
Livestock	225,689,000	217,900,000
Livestock Products	81,121,000	85,598,000
	\$682,062,000	\$685,268,000

